

McGladrey & Pullen

Certified Public Accountants

Miami-Dade County Transit Department Miami-Dade County, Florida (An Enterprise Fund of Miami-Dade County, Florida)

Single Audit Reports in Accordance with
OMB Circular A-133 and the Florida Single
Audit Act and Management Letter
Year Ended September 30, 2008

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether MDT's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of MDT in a separate letter dated March 3, 2009.

This report is intended solely for the information and use of the Honorable Mayor, the Members of the Board of Commissioners of the County, management of MDT, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Miami-Dade County, Florida
March 3, 2009

Internal Control Over Compliance

The management of MDT is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered MDT's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of MDT's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program or state project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state project that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item IC 2008-01 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control. We did not consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

MDT's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit MDT's response and, accordingly, we express no opinion on it.

Schedules of Expenditures of Federal Awards and State Financial Assistance

We have audited the basic financial statements of MDT, an enterprise fund of Miami-Dade County, Florida, as of and for the year ended September 30, 2008, and have issued our report thereon dated March 3, 2009. Our audit was performed for the purpose of forming an opinion on the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Honorable Mayor, the Members of the Board of Commissioners of the County, management of MDT and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Miami-Dade County, Florida
March 3, 2009

Miami-Dade County Transit Department

Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
Year Ended September 30, 2008

Federal Grantor/State Agency	CSFA No.	Grant	Grant/Contract Number	Expenditures
Florida Department of Transportation				
Transportation Disadvantaged Commission:				
Fiscal Year 08	55.001	MTTD08	AOT83	\$ 5,484,915
Fiscal Year 09	55.001	MTTD09	AP681	1,825,423
				<u>7,310,338</u>
Commuter Assistance – Dade Monroe Express	55.007	MTNU28	ANU28	<u>422,254</u>
County Incentive Grant Prog – Miami Gardens	55.008	MTOB59	AOB59	<u>22,767</u>
Public Transit Block Grant Program	55.010	411411	AOV16	<u>17,907,868</u>
Park and Ride Lot Program:				
Busway and 296th Street	55.011	MTOB63	AO563	<u>243,755</u>
Public Transit Service Development Program:				
Kendall Town Center	55.012	MTNR72	ANR72	5,000
NW 7th Ave Max	55.012	MTQJ05	AOJ05	311,410
Beach Max	55.012	MTO637	AO637	230,000
				<u>546,410</u>
Transit Corridor Program:				
South Miami-Dade Busway	55.013	MTE199/MTJ309	AE-199	206,395
Flagler Max Bus Route	55.013	MTK441	AK441	449,999
South Dade Busway Routes	55.013	MTO599	AO559	570,619
				<u>1,227,013</u>
Intermodal Development Program:				
South Miami Pedestrian Overpass	55.014	MTNK27	ANK27	<u>89,898</u>
New Starts Transit Program:				
Construction Phase I – Bus Bay	55.017	MTNP58	ANP58	(10,100)
Earlington Heights MIC	55.017	MTNW95	ANW95	12,247,156
Urban Capital Facility Improvement	55.017	MTNX67	ANX67	(184,319)
				<u>12,052,737</u>
Total State Financial Assistance				<u>39,823,040</u>
Total Expenditures of Federal Awards and State Financial Assistance				<u>\$ 127,636,010</u>

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

Miami-Dade County Transit Department

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance Year Ended September 30, 2008

1. General

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") presents the activity of all federal awards and state projects of the Miami-Dade County Transit Department ("MDT") for the year ended September 30, 2008. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included in the accompanying Schedule. MDT's reporting entity is described in Note 1 to the financial statements.

2. Basis of Presentation

The Schedule has been prepared on the accrual basis of accounting. This basis of accounting is described in Note 2(a) to MDT's financial statements.

Miami-Dade County Transit Department

Schedule of Findings and Questioned Costs
Federal Awards Programs and State Projects (Continued)

State Financial Assistance

Internal control over major projects:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified that are
not considered to be material weakness(es)?

_____ Yes X None reported

Type of auditor's report issued on compliance for
major projects:

Unqualified

Any audit findings disclosed that are required
to be reported in accordance with Chapter 10.550,
Rules of the Auditor General?

Yes X No

Identification of major projects:

State CSFA No.

Name of State Projects

55.001

Florida Department of Transportation:

55.010

Transportation Disadvantaged

55.017

Public Transit Block Grant Program

New Starts Transit Program

Dollar threshold used to distinguish between type
A and type B programs:

\$1,194,691

Miami-Dade County Transit Department

**Schedule of Findings and Questioned Costs
Federal Awards Programs and State Projects (Continued)**

B. Compliance Findings

**U.S. Department of Transportation –
Federal Transit Cluster (CFDA No. 20.500 & 20.507)**

CF 2008-01 – Reporting

See IC 2008-01

Views of responsible officials and planned corrective actions: Management concurs with the recommendation. See IC 2008-01 for detailed views of responsible officials and planned corrective actions.

Miami-Dade County Transit Department

Summary Schedule of Prior Audit Findings
Fiscal Year Ended September 30, 2008

II – Findings and Questioned Costs for Federal Award Programs and State Financial Assistance Projects

Internal Control and Compliance Finding

CF 2007-01 Florida Department of Transportation, CFSA No. 55017 Contract ANP58, ANR75, ANW95, ANX67

Allowable Costs/Cost Principles

Current Year's Status: Finding was corrected.

McGladrey & Pullen

Certified Public Accountants

Management Letter

The Honorable Mayor and Members of the Board of County Commission
Miami-Dade County, Florida

This letter includes the recommendation with respect to matters that came to our attention in connection with our audit of the financial statements of Miami-Dade County Transit Department ("MDT"), an enterprise fund of Miami-Dade County, Florida (the "County"), as of and for the year ended September 30, 2008 and have issued our report thereon dated March 3, 2009. The recommendation is provided to improve financial management, accounting procedures, and internal controls. In connection with our audit, see Appendix A for our recommendation.

This report is intended solely for the information and use of the Honorable Mayor and the Members of the Board of Commissioners of the County, and management of MDT and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Fort Lauderdale, Florida
March 3, 2009

Miami-Dade County Transit Department

**Appendix A – Current Year's Recommendation to Improve Financial Management,
Accounting Procedures and Internal Controls
Fiscal Year Ended September 30, 2008**

ML 08-01 – New Accounting Standards

GASB Statement No. 49 – Accounting and Financial Reporting for Pollution Remediation Obligations

Condition: GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, issued November 2006, is effective for MDT beginning with its fiscal year ending September 30, 2009. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups.

Recommendation: We recommend that MDT perform an assessment to ascertain the extent of potential exposure they have relative to pollution-type activities. MDT should then take the necessary steps required to estimate the components of expected pollution remediation outlays and determine whether outlays for those components should be accrued as a liability.

Views of responsible officials and planned corrective actions: Management already has such process in place. Once a contamination is encountered, an estimated cost of remediation is normally provided by the consulting firm upon completion of all preliminary environmental assessments. For any potential exposure relating to pollution remediation, such obligations will be properly recorded during the required time frame.